Local Government Fiscal Impact 2009 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	SB0320		**Title:**	Revise resort tax -- delete population and designation requirement
Primary Sponsor:	Gillan, Kim		**Status:**	As Amended

- ☑ Significant Local Gov Impact
- ☐ Needs to be included in HB 2
- ☐ Technical Concerns
- ☐ Included in the Executive Budget
- ☐ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2008 Difference	FY 2009 Difference	FY 2010 Difference	FY 2011 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
Revenue:				
General Fund	$0	$0	$0	$0
Net Impact-General Fund Balance:	$0	$0	$0	$0

Description of Fiscal Impact: This bill would allow all municipalities to levy a resort sales tax by eliminating the population and resort designation requirements. This would increase local revenues and the resulting expenditures. The resort tax is collected and administrated at the local level. Therefore, there is no fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

1. This legislation would give all cities the authority to levy a resort sales tax. The resort tax may be levied on luxury items and goods and services sold by hotels or lodging facilities, restaurants or food service establishments, taverns or establishments that serve alcohol, and destination recreation facilities. The tax rate may not exceed 3%.
2. The revenue raised by this legislation will depend on the number of jurisdictions adopting the tax, the tax rates adopted, and the specific goods and services taxed.
3. The maximum fiscal impact of this bill would occur if all cities in the state adopt resort taxes for all goods and services sold by lodging facilities, food service establishments, establishments that serve alcoholic beverages, destination recreation facilities, and luxury items at 3%. The total statewide taxable sales for

these industries and goods are estimated to be $3,412 million in FY 2008, $3,536 million in FY 2009, $3,666 million in FY 2010, and $3,801 million in FY 2011. This fiscal note assumes that all of these sales occur within incorporated municipalities and would therefore be subject to tax. The total tax revenues from all localities in the state would equal $102.4 million in FY 2008, $106.1 million in FY 2009, $110.0 million in FY 2010, and $114.0 million in FY 2011.

4. Revenue from a 1% resort tax, including luxury goods, enacted by seven large cities was also estimated. Using this methodology, it was estimated that revenue from the resort tax would be $18.52 million in FY 2008 and $19.34 million in FY 2009.

Long-Range Impacts to Local Governments:

1. This legislation would have significant impacts on local government public finance by allowing sales taxes as an option for raising local revenues.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*